

Q # 367

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DEPARTMENT OF STATE
WASHINGTON

In reply refer to
FE 893.114 Manchuria/

May 16, 1939

CONFIDENTIAL

Attention: Customs Agency Service

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury, and encloses herewith, in triplicate, for the information of the Treasury Department, an excerpt from a despatch dated March 20, 1939, from the American Consulate General at Mukden, in regard to the "Manchukuo" budget for 1939.

Enclosure:

Excerpt, in triplicate,

Jan 3

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Excerpt from despatch dated March 30, 1939 from
the American Consulate General at Mukden
covering the "Manchukuo" budget for 1939.

Monopolies Operation Special Account

This account deserves study. It shows gross receipts
as follows:

	<u>1939</u>	<u>1938</u>
From opium sales:	Yen 90,908,400	Yen 71,045,200
From petroleum products sales:	Yen 49,450,300	Yen 40,312,800
From salt sales:	Yen 38,349,870	Yen 33,590,150
From match sales:	Yen 7,702,400	Yen 6,380,599
From alcohol sales:	<u>Yen 9,274,767</u>	<u>Yen 7,224,000</u>
Total	Yen 195,685,737	Yen 159,532,749

The sale of opium is still "Manchukuo's" chief money-getter next to customs revenue, and it is difficult to put faith in "Manchukuo's" professions of interest in eradication of the opium evil in the light of the opium monopoly figures. Last year raw opium purchased by the monopoly for its business cost Yen 32,653,000; this year it will be 43,470,000, and every man, woman and child in Manchuria is expected to spend Yen 3.00 of his or her infinitesimal cash income for opium.

Net profit from monopolies this year is expected to be over Yen 56,000,000, after payment of nearly Yen 15,000,000 to general accounts, reserve funds, and national loan funds.